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BALKAN CRISIS:	Situation Report
	Even though recent polls show him running even with Prime Minister Panic, Serbian President Milosevic's manipulation of the election process should ensure his Socialist party a victory on Sunday. Muslim attacks in eastern Bosnia are impeding relief deliveries in that region,
Milosevic Likely To Win Election	The election on Sunday will determine representation in the federal and Serbian and Montenegrin republic legislatures, as well as the two republic presidencies. Some democratic opposition leaders believe they can win control of the federal Assembly, reduce the Socialists' majority in the Serbian Assembly, and help Panic force Milosevic into a runoff on 4 January. Milosevic and his party, however, have strong support in the countryside and industrial cities; they also have the means to manipulate the election in the control of the media and the support of much of the military and Interior Ministry militia.
	Comment: If Milosevic wins, the pursuit of a greater Serbia by force is sure to continue and actual conflict may spread. Such an electoral outcome probably would also hobble the democratic opposition and set the stage for Panic's departure from the Yugoslav political scene and the isolation of federal President Cosic. A Milosevic victory also would mollify local ultranationalists and radical Serbs in Bosnia and Croatia.
	Milosevic almost certainly would pursue the partition of Bosnia and Croatia, a move that might renew Serbo-Croatian warfare. Efforts by his government to consolidate the Serbian confederation would also increase tension with Montenegro, which already suspects that Belgrade wants to make it a vassal state. Serbian consolidation could also encourage radicals, with or without Milosevic's blessing, to initiate hostilities and "ethnic cleansing" operations in Kosovo.
-	Domestic instability would be likely to increase in the long term as economic sanctions and war weariness begin to erode Milosevic's support. The weakness of the democratic opposition would increase the prospects of a challenge to him from ultranationalists. The stronger they are, the more likely Serbians will be to try to drive Albanians and Hungarians from the provinces of Kosovo and Vojvodina.

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